

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

State of New Mexico
Oil Conservation Commission



P. O. BOX 871
SANTA FE

March 9, 1961

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

Mr. Sim Christy
Hervey, Dow & Hinkle
Box 10
Roswell, New Mexico

Re: Case No. 2207
Order No. R-1900
Applicant:
Honolulu Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, appearing to read "A. L. Porter, Jr.", written in dark ink.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC _____
Artesia OCC _____
Aztec OCC _____

OTHER _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2207
Order No. R-1900

APPLICATION OF HONOLULU OIL CORPORATION
FOR A PRESSURE MAINTENANCE PROJECT IN
THE CHISUM (DEVONIAN) OIL POOL, CHAVES
COUNTY, NEW MEXICO, AND FOR THE PROMUL-
GATION OF SPECIAL RULES GOVERNING THE
OPERATION OF SAID PROJECT.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 3, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 9th day of March, 1961, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Honolulu Oil Corporation, proposes to institute a pressure maintenance project in the Chisum (Devonian) Oil Pool, Chaves County, New Mexico, by the injection of water into its State "B" Well No. 3, located in the NE/4 SE/4 of Section 13, Township 11 South, Range 27 East.

(3) That the proposed project area consists of the N/2 SE/4 of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico.

(4) That top unit allowable is to be assigned to each injection well and that the allowable assigned to any producing well in the project area shall be no greater than the demonstrated ability of the well to produce, subject to top unit allowable for the pool. In the case of curtailed or shut-in producing wells, the allowable shall be no greater than the demonstrated ability of such well to produce as reflected by

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a 24-hour test at a stabilized rate of production immediately prior to such shut-in or curtailment. In no event is such allowable to be greater than the current normal unit allowable for the Chisum (Devonian) Oil Pool during the month of transfer.

(5) That an administrative procedure should be established whereby the pressure maintenance project may be expanded for good cause shown, and whereby additional wells in the project area may be converted to water injection.

IT IS THEREFORE ORDERED:

(1) That the applicant, Honolulu Oil Corporation, is hereby authorized to institute a Pressure Maintenance Project in the Chisum (Devonian) Oil Pool, Chaves County, New Mexico, by the injection of water into its State "B" Well No. 3, located in the NE/4 SE/4 of Section 13, Township 11 South, Range 27 East.

(2) That Special Rules and Regulations governing the operation of the Pressure Maintenance Project are hereby promulgated as follows, effective April 1, 1961:

SPECIAL RULES AND REGULATIONS
FOR THE CHISUM (DEVONIAN) OIL POOL
PRESSURE MAINTENANCE PROJECT

RULE 1. The project area of the Chisum (Devonian) Oil Pool Pressure Maintenance Project hereinafter referred to as the Project, shall comprise the N/2 SE/4 of Section 13, Township 11 South, Range 27 East, NMPM, Chaves County, New Mexico.

RULE 2. The allowable for the Project shall be the sum of the allowables of the several wells within the project area, including those wells which are shut-in, curtailed, or used as injection wells. Allowables for all wells shall be determined in a manner hereinafter prescribed.

RULE 3. Allowables for injection wells may be transferred to producing wells within the project area, as may the allowables for producing wells which, in the interest of more efficient operation of the Project, are shut-in or curtailed because of high gas-oil ratio or are shut-in for any of the following reasons: pressure regulation, control of pattern or sweep efficiencies, or to observe changes in pressures or changes in characteristics of reservoir liquids or progress of sweep.

RULE 4. The allowable assigned to any well which is shut-in or which is curtailed in accordance with the provisions of Rule 3, which allowable is to be transferred to any well or wells in the project area for production, shall in no event be greater than its

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ability to produce during the test prescribed by Rule 6, below, or greater than the current top unit allowable for the pool during the month of transfer, whichever is less.

RULE 5. The allowable assigned to any injection well on a 40-acre proration unit shall be top unit allowable for the Chisum (Devonian) Oil Pool.

RULE 6. The allowable assigned to any well which is shut-in or curtailed in accordance with Rule 3, shall be determined by a 24-hour test at a stabilized rate of production, which shall be the final 24-hour period of a 72-hour test throughout which the well should be produced in the same manner and at a constant rate. The daily tolerance limitation set forth in Commission Rule 502 I (a) and the limiting gas-oil ratio (2,000 to 1) for the Chisum (Devonian) Oil Pool shall be waived during such tests. The project operator shall notify all operators offsetting the well, as well as the Commission, of the exact time such tests are to be conducted. Tests may be witnessed by representatives of the offsetting operators and the Commission, if they so desire.

RULE 7. The allowable assigned to each producing well in the Project shall be equal to the well's ability to produce or top unit allowable for the Chisum (Devonian) Oil Pool, whichever is less. Each producing well shall be subject to the limiting gas-oil ratio (2,000 to 1) for the Chisum (Devonian) Oil Pool.

RULE 8. Each month the project operator shall, within three days after the normal unit allowable for Southeast New Mexico has been established, submit to the Commission a Pressure Maintenance Project Operator's Report, on a form prescribed by the Commission, outlining thereon the pertinent data required, and requesting allowables for each of the several wells in the Project as well as the total Project allowable. The aforesaid Pressure Maintenance Project Operator's Report shall be filed in lieu of Form C-120 for the Project.

RULE 9. The Commission shall, upon review of the report and after any adjustments deemed necessary, calculate the allowable for each well in the Project for the next succeeding month in accordance with these rules. The sum of the allowables so calculated shall be assigned to the Project and may be produced from the wells in the Project in any proportion except that no well in the Project which directly or diagonally offsets a well outside the Project producing from the same common source of supply shall produce in excess of two times top unit allowable for the Pool.

RULE 10. The conversion of producing wells to injection, the drilling of additional wells for injection, and expansion of the project area shall be accomplished only after approval of the same

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by the Secretary-Director of the Commission. To obtain such approval, the project operator shall file proper application with the Commission, which application, if it seeks authorization to convert additional wells to injection or to drill additional injection wells shall include the following:

(1) A plat showing the location of proposed injection well, all wells within the project area, and offset operators, locating wells which offset the project area.

(2) A schematic drawing of the proposed injection well which fully describes the casing, tubing, perforated interval, and depth, showing that the injection of water will be confined to the Devonian formation.

(3) A letter stating that all offset operators to the proposed injection well have been furnished a complete copy of the application and the date of notification.

The Secretary-Director may approve the proposed injection well if, within 20 days after receiving the application, no objection to the proposal is received. The Secretary-Director may grant immediate approval, provided waivers of objection are received from all offset operators.

Expansion of the project area may be approved by the Secretary-Director of the Commission administratively when good cause is shown therefor.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



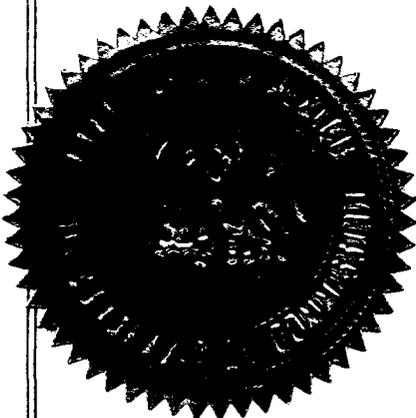
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary



esr/